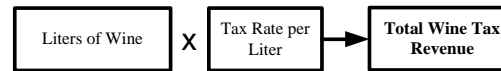


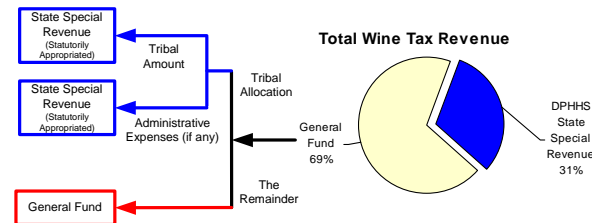
Reasons For Historical Changes

- Tax Changes
 - 1982 Changed the timing of payment of the tax after receipt of the product in the warehouse to after the sale of the product from the warehouse (SB 279. 1981 Session Law Chapter 241)
 - 1984 The National Minimum Drinking Age Act mandated that 10 percent of federal highway aid be withheld from states who statutorily allowed minimum drinking ages of under 21 years.
 - 1987 Increased tax from 20 cents per liter to 27 cents per liter (HB 374. 1985 Session Law Chapter 721)
 - 1988 Increased legal drinking age from 19 to 21 years of age (HB 21. 1987 Session Law Chapter 217)
 - 1992 Enacted a 7 percent surtax on tax liability for tax years of 1992 through 1993 (HB 44. 1992S Session Law Chapter 15)
 - 1997 Redefined hard cider and enacted a separate tax rate of 3.7 cents (HB 308. 1997 Session Law Chapter 399)
 - 2002 Increased general fund distribution from 59% to 69% (HB 124. 2001 Session Law Chapter 574)
- Economic Changes
 - Greater consumption possible due to thriving economy
 - Decline in consumption possible due to sluggish economy

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division



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LFD Mission Statement

We are committed to enhancing the legislative process through understandable and objective fiscal policy analysis and information.

LEGISLATIVE FISCAL DIVISION



Taxes in Brief...

Wine Tax

November 2004

Fiscal Pocket Guide



Legislative Fiscal Division
Revenue and Taxation Policy
Room 110A, State Capitol
Helena, MT 59620-1711

Wine Tax

Revenue Description:

A wine tax is levied on table wines imported into Montana by wine distributors or by the Department of Revenue (DOR), who is authorized to sell wines to retail liquor establishments throughout the state. A tax is also imposed on hard cider imported by a table wine distributor or DOR. A portion of wine tax revenue is returned to Indian tribes per an agreement between DOR and the tribes.

Applicable Tax Rate(s):

A tax of \$0.27 is imposed per liter of wine and a tax of \$0.037 per liter is imposed on hard cider. An additional tax of \$0.01 per liter is imposed on table wine sold by a table wine distributor to an agent.

Distribution: .

The \$0.01 per liter tax is deposited into the general fund. Other wine tax revenue is distributed 69.0%

to the general fund and 31.0% to the DPHHS alcohol account. The general fund distribution is reduced by the amount of the tribal agreements.

Collection Frequency:

Monthly

Major Drivers:

- Liters of wine
- Tax rate

Statutory Reference::

Tax Rate (MCA) – 16-1-411(1), 16-2-301(2)

Tax Distribution (MCA) – 16-1-411(3)

Date Due – 15th day of the month following the sale from the distributor's warehouse (16-1-411(2))

% of Total FY 2004 General Fund: 0.10%

